

REPORT**on the annual accounts of the European Food Safety Authority for the financial year 2014, together with the Authority's reply**

(2015/C 409/18)

INTRODUCTION

1. The European Food Safety Authority (hereinafter 'the Authority', aka 'EFSA'), which is located in Parma, was established by Regulation (EC) No 178/2002 of the European Parliament and of the Council ⁽¹⁾. The Authority's main tasks are to supply the scientific information needed for Union legislation to be drawn up concerning food and food safety, to collect and analyse data that allow risks to be identified and monitored and to provide independent information on these risks ⁽²⁾.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Authority's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the Authority, which comprise the financial statements ⁽³⁾ and the reports on the implementation of the budget ⁽⁴⁾ for the financial year ended 31 December 2014; and
- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Authority and the legality and regularity of the underlying transactions ⁽⁵⁾:

- (a) The management's responsibilities in respect of the Authority's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer ⁽⁶⁾; making accounting estimates that are reasonable in the circumstances. The Executive Director approves the annual accounts of the Authority after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the Authority in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

⁽¹⁾ OJ L 31, 1.2.2002, p. 1.

⁽²⁾ *Annex II* summarises the Authority's competences and activities. It is presented for information purposes.

⁽³⁾ These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁽⁴⁾ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁽⁵⁾ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁽⁶⁾ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

The auditor's responsibility

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council ⁽⁷⁾ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Authority are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Authority's accounts as stipulated in Article 208(4) of the EU Financial Regulation ⁽⁸⁾.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

8. In the Court's opinion, the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects.

10. The comments which follow do not call the Court's opinions into question.

OTHER COMMENTS

11. In 2005 new EU Staff Regulations entered into force, including provisions that future remunerations of officials recruited before 1 May 2004 should not be less than under the previous EU Staff Regulations. The Court's audit revealed that this was not complied with and, in the case of 8 of the 71 officials employed at that time, this led to a total underpayment of 87 000 euro for the period 2005 to 2014. The Authority will make the supplementary salary payments in due course.

FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

12. An overview of the corrective actions taken in response to the Court's comments from the previous years is provided in *Annex I*.

⁽⁷⁾ Article 107 of Regulation (EU) No 1271/2013.

⁽⁸⁾ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 September 2015.

For the Court of Auditors
Vitor Manuel da SILVA CALDEIRA
President

ANNEX I

Follow-up of previous years' comments

Year	Court's comment	Status of corrective action (Completed/Ongoing/Outstanding/N/A)
2012	Following high-level risk assessments carried out by an external consultation in 2012 and by the Commission's Internal Audit Service in February 2013, a number of potential critical risks were identified in the operation of the Authority's internal controls, particularly in the areas of data management, business continuity and IT security. The Authority started a comprehensive self-assessment of its internal control system in 2012. The process is ongoing and implementation of corrective actions is planned for 2013.	Ongoing
2013	According to the Authority's self-assessment of its internal control system which was carried out in 2012 and 2013, the majority of internal control standards (ICS) are met. This is not yet the case for ICS 4 (Staff appraisal and development) and ICS 11 (Document management), for which corrective action was still ongoing at the time of the audit.	Completed
2013	The Authority's annual work programmes do not contain sufficient details on planned procurements and grants to support financing decisions in the sense of Article 64 of the Implementing Rules to its Financial Regulation. Including such details in the annual work programme would allow a more effective monitoring of procurements and grants.	Completed

ANNEX II

European Food Safety Authority (Parma)**Competences and Activities**

Areas of Union competence deriving from the Treaty	Collection of information <ul style="list-style-type: none"> — Common agricultural policy (Article 38 of the Treaty on the functioning of the European Union (TFEU)). — Functioning of the Internal Market (Article 114 TFEU). — Public health (Article 168 TFEU). — Common trade policy (Article 206 TFEU).
Competences of the Authority <i>(Regulation (EC) No 178/2002 of the European Parliament and of the Council)</i>	Objectives <ul style="list-style-type: none"> — To provide scientific opinions and scientific and technical support for the legislation and policies which have a direct or indirect impact on food and feed safety, — to provide independent information on risks relating to food safety, — to contribute to the achievement of a high level of protection of human life and health, — to collect and analyse data needed to allow characterisation and monitoring of risks. Tasks <ul style="list-style-type: none"> — To issue scientific opinions and studies, — to promote uniform risk-assessment methodologies, — to assist the Commission, — to search for, analyse and summarise the requisite scientific and technical data, — to identify and characterise emerging risks, — to establish a network of organisations operating in similar fields, — to provide scientific and technical assistance in crisis management, — to improve international cooperation, — to provide the public and interested parties with reliable, objective and easily comprehensible information, — to take part in the Commission's rapid alert system.
Governance	Management Board <i>Composition</i> 14 members appointed by the Council (in cooperation with the European Parliament and the Commission) and one representative of the Commission. <i>Task</i> To adopt the work programme and the budget and ensure that they are implemented. Executive Director Appointed by the Management Board on the basis of a list of candidates proposed by the Commission, following a hearing before the European Parliament.

	<p>Advisory Forum</p> <p><i>Composition</i></p> <p>One representative per Member State.</p> <p><i>Task</i></p> <p>To advise the Executive Director.</p> <p>Scientific Committee and scientific panels</p> <p>To draw up the Authority's scientific opinions.</p> <p>External audit</p> <p>European Court of Auditors</p> <p>Internal audit</p> <p>EFSA Internal Audit Capability.</p> <p>European Commission Internal Audit Service (IAS).</p> <p>Discharge authority</p> <p>European Parliament acting on recommendation by the Council.</p>
<p>Resources made available to the Authority in 2014 (2013)</p>	<p>Budget</p> <p>79,8 (78,1) million euro of which 100 % (100 %) is a European Union subsidy.</p> <p>Staff as at 31 December 2014</p> <p>Posts in the establishment plan: 344 (351), of which occupied:</p> <ul style="list-style-type: none"> — staff (temporary staff and officials): 330 (328) — other staff (contractual, seconded national experts): 119 (120). <p>Total staff (including seven offer letters sent as per 31.12.2014): 449 (448), of which for:</p> <ul style="list-style-type: none"> — operational duties: 333 (332) — administrative duties: 116 (116)
<p>Products and services 2014 (2013)</p>	<p>Scientific outputs and supporting publications 2014</p> <p><i>Activity 1: Provision of scientific opinions and advice and risk assessment approaches</i></p> <ul style="list-style-type: none"> — Guidance of the Scientific Committee/Scientific Panel: 1 (2) — Opinion of the Scientific Committee/Scientific Panel: 88 (44) — Scientific Report of EFSA: 11 (12) — Statement of EFSA: 1 (2) — Statement of the Scientific Committee/Scientific Panel: 3 (2) <p><u>Total scientific outputs activity 1 = 104 (62)</u></p> <p><i>Activity 2: Evaluation of products, substances and claims subject to authorisation</i></p> <ul style="list-style-type: none"> — Conclusion on Pesticides Peer Review: 40 (45) — Guidance of EFSA: 4 (2) — Guidance of the Scientific Committee/Scientific Panel: 0 (3) — Opinion of the Scientific Committee/Scientific Panel: 197 (203)

<ul style="list-style-type: none"> — Scientific Report of EFSA: 3 (0) — Statement of the Scientific Committee/Scientific Panel: 3 (8) — Statement of EFSA: 9 (6) — <i>Reasoned opinions</i> = 84 (0) <p><u>Total scientific outputs activity 2</u> = 340 (267) ⁽¹⁾</p> <p><i>Activity 3: Data Collection, scientific cooperation and networking</i></p> <ul style="list-style-type: none"> — Guidance of EFSA: 4 (2) — Statement of EFSA: 0 (0) — Reasoned Opinion: 0 (113) — Scientific Report of EFSA: 9 (7) <p><u>Total scientific outputs activity 3</u> = 13 (122) ⁽²⁾</p> <p><i>Supporting publications</i></p> <ul style="list-style-type: none"> — Event report: 10 (11) — External Scientific Report: 79 (74) — Technical report: 105 (70) <p><u>Total Supporting publications</u> = 194 (155)</p> <p><u>Total outputs</u> = 651 (606)</p> <ul style="list-style-type: none"> — Scientific outputs supported by communication activities: 14 % (7 %) — Public consultations: 49 (56) — Web visits: 2,8 (4,7) million — Highlights subscribers: 33 947 (31 912) — Media coverage: 14 913 (11 820) — Media queries: 564 (625) — Press releases: 10 (16) — Web news stories: 32 (54) — Interviews: 65 (95)
--

⁽¹⁾ Reasoned opinions were under Activity 3 in 2013

⁽²⁾ Reasoned opinions are now under Activity 2

Source: Annex supplied by the Authority.

THE AUTHORITY'S REPLY

11. Concerning ECA's comment on the salary underpayments dating back to 2005 for staff members who had already been employed before the 2004 Staff Regulations entered into force, EFSA would like to specify that the treatment and calculation of the payroll costs are similar to other EU agencies externalised by the Authority to the PMO (department of the European Commission).
